Risk Management:

State Agency Approach Friday, February 26, 2009



Review of How Each Agency Monitors Potential Risk

- Request to agencies receiving funds to submit plans or approaches to risk management
- Info submitted by every agency who received funds



So How Do State Agencies Plan for Risk?

- Years of practice
- Utilize varying methods of scrutiny, both internally and externally
- Additional measures taken to handle ARRA funds



Agency Response?

- Funds flowed through existing channels
- Can use existing risk management tools
- Fed requirements work to provide an additional layer of scrutiny



General Issues

- Lack of resources/experienced personnel
- ARRA funding not a recurring source of funding
- Matching provisions



Accountability/ Transparency

- Recovery.Gov
- Oversight



Procurement/ Contracting

- Conflict between federal and state laws
- Contract review
 - Scope/milestones
 - Project budgets
 - Change orders
 - Monitoring
 - Nonperformance



Financial Management

- Disbursement of funds
- Appropriateness of expenditures
- Allowable costs
- Sub-recipient education/notification/ monitoring
- Separate accounting
- Cash Management Improvement Act
- Custodial Risks/Collateralization



Moving Forward

- State agencies are well equipped with existing practices and protocols to handle ARRA funds and will use new tools to avoid waste, fraud or abuse
- Agencies will come to CERAB to present their approach to risk management

Questions?

